

# The Influence of Digital Financial Reporting on Financial Transparency and Accountability in Public Companies

Digital Reporting on  
Transparency and  
Accountability

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## ABSTRACT

The rapid advancement of digital technologies has transformed financial reporting practices and reshaped governance structures in public companies. This study aims to examine the influence of digital financial reporting on financial transparency and accountability, while also assessing the role of transparency as a key determinant of accountability in a digital reporting environment. Using a quantitative approach with Structural Equation Modeling–Partial Least Squares (SEM-PLS), the research analyzes companies that have integrated digital reporting systems, including XBRL-based disclosures, automated data processing, and real-time information access. The findings reveal that digital financial reporting significantly enhances financial transparency by improving disclosure quality, increasing information accessibility, and strengthening the timeliness of reporting. Furthermore, the results indicate that transparency plays a crucial role in promoting financial accountability through stronger oversight, improved data integrity, and greater managerial responsibility. These outcomes underscore that digitalization not only enhances reporting efficiency but also contributes to more robust governance mechanisms. The study highlights the need for technological readiness, managerial commitment, and regulatory reinforcement to support the effective adoption of digital financial reporting. Practical implications suggest that organizations should strengthen digital audit frameworks and enhance technological competencies to ensure that digital transformation continuously promotes transparency and accountability within the financial reporting ecosystem.

**Keywords:** Accountability, Digital Audit, Digital Financial Reporting, Transparency, XBRL.

## INTRODUCTION

Digital transformation has profoundly revolutionized financial reporting practices worldwide, reshaping the corporate accountability paradigm. Over the past decade, digitalization has become the backbone of modern corporate governance as public demand for transparency and timeliness in reporting continues to rise (Kraus et al., 2021; Vial, 2021). According to the World Economic Forum (2023), more than 80% of large global corporations have adopted digital technologies in financial reporting, including cloud-based financial management, blockchain auditing, and automated data systems. These advancements have accelerated information dissemination and improved the traceability of financial statements across stakeholders (OECD, 2022). However, this progress also raises critical questions regarding whether digitalization truly strengthens transparency and accountability or, conversely, introduces new layers of complexity in financial oversight.

Globally, the implementation of Digital Financial Reporting (DFR) systems such as eXtensible Business Reporting Language (XBRL) and real-time disclosure mechanisms has become increasingly standardized across jurisdictions. Sanad and Al-Sarwati (2022) found that the adoption of XBRL in capital markets enhances financial information

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quality and reduces information asymmetry between management and investors. Similarly, Blankespoor et al. (2020) and Jabor and Hamdan (2025) revealed that digitalized reports accelerate market reactions to earnings announcements, while Munkhondya et al. (2023) emphasized that the effectiveness of DFR depends on digital infrastructure readiness and accounting technology literacy within each country. Consequently, the influence of DFR is highly contextual, shaped by institutional capacity and the prevailing regulatory environment.

In Indonesia, digital financial reporting has become a strategic focus of governance reform. The Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) and the Indonesia Stock Exchange (IDX) have mandated XBRL-based electronic reporting since 2021 to enhance efficiency and information openness (OJK, 2023). Data from the Indonesia Stock Exchange (2024) indicate a 96% compliance rate for digital submissions, yet issues persist in reporting timeliness and disclosure quality, particularly in non-financial sectors. This suggests that digital system adoption alone does not automatically ensure greater transparency and accountability, highlighting the need for empirical investigations to assess the real effectiveness of DFR in publicly listed Indonesian firms.

Previous research has identified digitalization's potential to enhance transparency, though results remain inconclusive. Digital reporting improves information timeliness and reduces reporting bias (Seele, 2016). Alassuli et al. (2025) indicated that corporate governance functions as a key mediating factor in strengthening the link between digitalization and financial transparency. Conversely, Eulerich et al. (2023) warned that without robust technology-driven audit systems, digitalization may increase the risk of data manipulation. A notable limitation across these studies is their concentration on developed economies, leaving developing contexts like Indonesia, characterized by distinctive institutional and regulatory structures, underexplored.

From the perspective of accountability, research findings are also mixed. Liu et al. (2023) argued that DFR enhances managerial accountability by increasing the visibility of financial activities. However, accountability improvement is highly contingent upon the integration of digital reporting systems with external monitoring mechanisms. Effective digital assurance frameworks are essential to safeguard the credibility of digital disclosures. A core gap in this body of literature lies in the absence of a conceptual consensus on appropriate accountability indicators within digital reporting contexts, which complicates cross-study and cross-country comparisons.

Three major research gaps emerge. First, existing literature remains dominated by technological discussions, while governance and organizational behavior dimensions that support digital transparency have yet to be thoroughly examined (Gierlich et al., 2020; Mu & Wang, 2022). Second, empirical evidence from developing economies with distinct digital readiness and audit capacities remains scarce (Ismail et al., 2024; Anomah, 2025). Third, an integrative model that explains the mechanisms linking DFR, transparency, and financial accountability, particularly among public companies in the digital era, has not been sufficiently developed (Manita et al., 2020; Aben et al., 2021). This study contributes by developing an integrative approach that synthesizes the Technology Organization-Environment (TOE) framework with stakeholder and agency theories to explain how technological and governance factors interact in shaping transparency and accountability outcomes (Malik et al., 2021; Lin & Chen, 2023). Methodologically, the study expands the empirical scope of DFR research by incorporating institutional and organizational behavior variables that have largely been overlooked in previous works. This study, therefore, aims to analyze the influence of digital financial reporting on corporate financial transparency and accountability in the context of Indonesia's ongoing digital transformation.

## **LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT**

### **The Effect of Digital Financial Reporting and Financial Transparency**

The concept of Digital Financial Reporting (DFR) is rooted in information asymmetry theory and stakeholder theory, which emphasize the importance of information openness

to reduce knowledge disparities between management and stakeholders. DFR functions as a mechanism that improves the accessibility, timeliness, and accuracy of financial disclosure (Blankespoor et al., 2020). Digital technologies such as XBRL and blockchain accelerate information distribution and enable investors to perform real-time data-driven analyses, thereby enhancing capital market transparency (Zhang et al., 2025).

Empirical findings indicate that DFR generally has a positive impact on transparency. However, its effectiveness varies across institutional environments and levels of digital readiness. Applying XBRL improved the quality of financial disclosure and strengthened investor trust (Liu et al., 2017). Digitalization speeds up financial reporting and minimizes reporting bias (Miaoquan et al., 2023; Hendratni, 2025). In contrast, in developing economies, limited digital auditing capacity may weaken the credibility of financial reports. These variations highlight an empirical gap related to differences in DFR effectiveness across economic systems. From a critical standpoint, digital reporting provides opportunities to enhance transparency, yet without adequate digital audit infrastructure and accounting literacy, the risk of data distortion remains high (Sari & Muslim, 2024). This underlines that the relationship between DFR and transparency is not linear but conditioned by governance quality and technological capability.

H1: Digital financial reporting has a positive effect on corporate financial transparency.

### **Digital Financial Reporting and Financial Accountability**

Financial accountability in the digital era is grounded in Agency Theory and Institutional Theory, which emphasize the role of reporting as a monitoring mechanism for managerial behavior. DFR serves as a tool for strengthening managerial responsibility by improving the visibility and auditability of financial activities (Liu et al., 2023). The use of digital technologies allows transparent transaction tracking and narrows the scope for data manipulation (Probst, 2020; Udeh et al., 2024). Empirical studies consistently suggest that digital reporting enhances organizational accountability. Liu et al. (2023) identified that digitalization fosters managerial accountability by providing open and easily auditable financial data. Integrating digital reporting systems with external supervisory mechanisms reinforces managerial responsibility (Kerr et al., 2015; Herremans & Nazari, 2016). Digital assurance frameworks are essential in maintaining the credibility of digital financial reports (Lhodia et al., 2025). For organizations with low digital literacy, DFR adoption does not significantly improve accountability due to internal resistance and limited audit capacity.

A key critique of existing literature lies in its inconsistency in defining and measuring accountability within digital contexts, and in the limited evidence from developing economies (Liu et al., 2023). Most studies mainly address technological aspects without incorporating institutional factors such as organizational culture and regulatory structure. This conceptual gap opens opportunities for further investigation into the relationship between DFR and financial accountability in emerging markets.

H2: Digital financial reporting has a positive effect on corporate financial accountability.

### **Financial Transparency and Financial Accountability**

Transparency and accountability are interdependent principles in modern corporate governance. Drawing from corporate governance theory and public accountability theory, adequate transparency is considered a prerequisite for effective accountability (Liu et al., 2023). Firms that adopt open reporting systems typically face greater public and market pressure to justify their financial decisions (Hope et al., 2013).

Empirical studies corroborate a positive association between transparency and accountability. Improved digital transparency strengthens internal audit mechanisms (Friday et al., 2024). The accessibility of financial data through digital platforms enhances investor oversight of managerial performance. High transparency levels promote accountability by increasing public trust and oversight efficiency. Excessive transparency,

without adequate data protection, can create risks of information leakage and misuse of financial data (Shafa & Islam, 2025). Conceptually, these findings depict a dynamic and contextual relationship between transparency and accountability. In developing markets such as Indonesia, the interaction between these two variables has not been thoroughly tested in the context of digital financial reporting. This study, therefore, aims to fill this empirical gap by examining the connection between financial transparency and accountability within the digital transformation era.

H3: Financial transparency has a positive effect on corporate financial accountability.

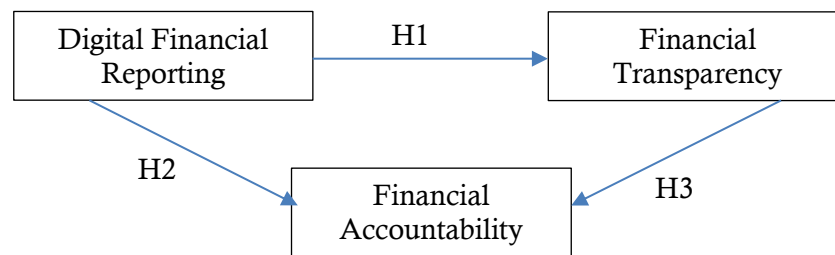


Figure 1. Research Framework

The study's conceptual framework (Figure 1) examines how Digital Financial Reporting (DFR) influences corporate financial transparency and accountability. DFR, the independent variable, includes digital reporting systems such as XBRL disclosures, automated data processing, and real-time information access. Financial transparency serves both as a direct outcome of DFR and as a mediator affecting corporate financial accountability, the ultimate dependent variable. The framework tests three hypotheses: DFR positively impacts transparency (H1), DFR directly enhances accountability (H2), and transparency further strengthens accountability (H3). Therefore, the model illustrates both direct and indirect pathways through which digital reporting promotes transparent and accountable corporate governance.

## RESEARCH METHODS

This study adopts a quantitative approach with an explanatory survey design to empirically examine the influence of Digital Financial Reporting (DFR) on financial transparency and financial accountability among publicly listed companies in the era of digital transformation. The quantitative method is considered appropriate because it enables the testing of measurable relationships between variables using numerical data and allows inferential generalization of findings (Creswell & Creswell, 2018). The explanatory survey design is applied to explain causal relationships by collecting responses from participants representing a specific population, thus capturing empirical dynamics within digital reporting practices.

The study population comprises all publicly listed companies on the Indonesia Stock Exchange (IDX) during the period of 2020–2024 that adopted digital or XBRL-based financial reporting systems. The purposive sampling technique was employed to select companies that demonstrated consistent DFR implementation over the past three years. Primary data were collected through online questionnaires distributed via Google Forms to financial managers, internal auditors, and financial reporting staff. Secondary data were obtained from annual reports, the official websites of the Financial Services Authority (OJK), and publicly available digital financial publications. The questionnaire adopted a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) to measure respondents' perceptions regarding DFR, transparency, and accountability dimensions. Before dissemination, a pilot test involving 30 respondents was conducted to ensure clarity, consistency, and reliability of measurement items.

Data analysis was performed using SmartPLS version 4.0, an analytical tool suitable for predictive models with latent variables and relatively small sample sizes. The analysis

was carried out in two stages: the measurement model and the structural model. The measurement model tested construct validity and reliability, assessed through Average Variance Extracted (AVE) values of 0.50 or higher and composite reliability of at least 0.70. Discriminant validity was evaluated using Fornell–Larcker criteria and cross-loading values. The structural model tested the significance of hypothesized relationships through bootstrapping procedures with 5,000 replications.

To ensure the robustness of results, the study evaluated possible respondent bias and common method variance using Harman’s single-factor test. Multicollinearity was examined by assessing the Variance Inflation Factor (VIF) values below 5. Additional analyses were conducted to test the robustness of findings across industry characteristics and firm size. Through this structured and rigorously validated methodological framework, the study aims to contribute meaningfully to digital reporting theory and provide a solid policy foundation for enhancing the transparency and accountability of public companies in the digital era.

The study measures DFR using four indicators: system integration, real-time reporting, data accessibility, and XBRL standardization. Financial Transparency (FT) is operationalized through disclosure completeness, information clarity, accessibility and understandability, and timeliness of disclosure. Financial Accountability (FA) is measured with compliance with standards, auditability, responsibility and oversight, and integrity of financial data. Each construct relies on multiple empirical studies to ensure comprehensive coverage and validity of the indicators.

## RESULTS

The study was conducted among publicly listed companies on the Indonesia Stock Exchange (IDX) that have implemented Digital Financial Reporting (DFR) systems consistently over the past three years. A total of 137 respondents participated in the research, consisting of financial managers, internal auditors, and financial reporting staff who are directly responsible for the preparation, verification, and presentation of digital financial statements. The following characteristics of the research objects illustrate the profiles of the participating companies and respondents, providing a stronger empirical context for the quantitative analysis results. Table 1 shows the characteristics of the company’s distribution.

**Table 1.** Characteristics of the Company’s Distribution

Characteristic	Category	Percentage (%)	Information
Industrial Sector	Finance & Banking	38%	The adoption of DFR is the fastest due to the support of a more mature digital infrastructure and strict regulation.
	Manufacturing	27%	Implement reporting automation from 2020 to 2022 as the use of ERP expands.
	Energy, Telecommunications, Property, and Infrastructure	35%	The level of digital readiness varies according to the size and technology capabilities of the company.
Respondent’s Position	Financial Manager	32%	Responsible for the preparation of final reports and regulatory compliance.
	Auditor Internal	29%	Assess the feasibility of a digital reporting system and maintain data integrity.
	Financial Reporting Staff	39%	Handle the input, verification, and operation of the digital reporting system (XBRL, ERP).
Range of Work Experience	< 5 years	20%	New staff who are starting to get involved in the digitization of reporting.

Characteristic	Category	Percentage (%)	Information
	5–10 years	46%	The majority of respondents showed strong and stable experience in the digital reporting process.
	>10 years	34%	Senior respondents with an in-depth understanding of digital reporting governance.
Indicator DFR	Real-Time Reporting	High	The digital system supports the fast and responsive presentation of financial data.
	Data Accessibility	High	Information is easily accessible to internal stakeholders.
	XBRL Format Standardization	High	Compliance with the OJK XBRL standard has been consistent since 2021.
	System Integration	Medium–High	The non-financial sector still faces obstacles to system integration and digital literacy.
	Reducing Human Error	High	Reporting automation significantly lowers manual input errors.

Based on Table 1, the companies examined in this study represent various industrial sectors listed on the Indonesia Stock Exchange, including finance, manufacturing, trade, property, energy, telecommunications, and infrastructure. Most of these companies have adopted XBRL-based digital reporting systems in accordance with the Financial Services Authority’s requirements since 2021. According to the sample distribution, 38 percent of the firms operate within the financial and banking sectors, which have shown the fastest adoption of digital reporting practices due to their advanced technological infrastructure. Approximately 27 percent belong to the manufacturing sector, which began automating the financial reporting process between 2020 and 2022 as Enterprise Resource Planning (ERP) integrations became more widespread.

The remaining 35 percent consist of companies in the energy, telecommunications, property, and infrastructure sectors. This last group demonstrates diverse levels of digital readiness, largely influenced by technological capacity and organizational size. The diversity of industries provides a comprehensive view of how DFR practices are implemented across sectors and reveals the extent to which operational contexts shape financial transparency and accountability outcomes. Regarding respondent characteristics, the study only involved individuals with direct experience in preparing or supervising digital financial reports, which ensures the credibility and relevance of the collected data. The composition of respondents shows that 32 percent are financial managers responsible for preparing final reports and ensuring regulatory compliance.

Another 29 percent are internal auditors who assess the reliability of digital reporting systems and safeguard data integrity. The remaining 39 percent are financial reporting staff who manage technical tasks, including data entry, verification, and operation of digital platforms such as XBRL, ERP, and software-based auditing systems. In terms of work experience, most respondents have been employed for more than five years, with 46 percent having between five and ten years of experience, 34 percent having over ten years, and 20 percent having less than five years. This experience structure indicates that the majority of respondents possess a solid understanding of digital reporting dynamics, making the collected data highly representative of actual DFR implementation in practice.

The level of digital financial reporting implementation among Indonesian public companies can generally be categorized as high. The best-performing indicators include real-time reporting, data accessibility, and XBRL standardization. Most respondents agreed that the utilization of digital systems accelerates the presentation of financial information and reduces the likelihood of manual errors. However, companies outside

the financial sector still face challenges related to system integration and uneven levels of digital literacy across departments.

Based on the descriptive analysis of the research variables, digital financial reporting is classified as high. This indicates that digital reporting technology has become an essential component of operational processes in public companies. System integration with internal financial databases emerges as the most prominent factor in improving data quality. Financial transparency is also rated as relatively strong, particularly in terms of information clarity and timeliness of publication. Nonetheless, several respondents noted the need for greater consistency of reporting across periods. Financial accountability is also found to be high, especially regarding indicators such as auditability and financial data integrity. These findings suggest that digitalization of reporting has a positive impact on the effectiveness of internal monitoring and on the company's ability to provide reliable financial information to stakeholders.

This section presents the quantitative results of the study, which aim to analyze the influence of Digital Financial Reporting (DFR) on financial transparency and financial accountability among publicly listed companies in Indonesia. Data processing was conducted using the SEM-PLS technique, following the procedures outlined in the methodological section. The analysis results are organized into three main parts: the evaluation of the measurement model (outer model), the evaluation of the structural model (inner model), and a summary of the relationships among the examined variables.

**Table 2.** Discriminant Validity Test, Fornell-Larcker Criteria

Construct	AVE	DFR	FT	AGO
Digital Financial Reporting (DFR)	0.82	0.82	0.58	0.54
Financial Transparency (FT)	0.85	0.58	0.85	0.62
Financial Accountability (FA)	0.80	0.54	0.62	0.80

Based on Table 2, the Fornell–Larcker criteria indicate that the square root values of the Average Variance Extracted (AVE) for each variable are higher than their correlations with other variables. This finding suggests that the tested constructs demonstrate strong discriminant validity and are distinct from one another. The cross-loading results show a similar pattern, where each indicator displays the highest correlation with the construct it is intended to measure.

**Table 3.** Construct Reliability Test Results

Construct	Cronbach's Alpha	Composite Reliability	Information
Digital Financial Reporting (DFR)	0.85	0.89	Reliable
Financial Transparency (FT)	0.88	0.91	Reliable
Financial Accountability (FA)	0.89	0.92	Reliable

The Composite Reliability (CR) values and Cronbach's Alpha coefficients presented in Table 3 show that all three variables have values greater than 0.70. This indicates that all measurement items are consistent and stable in capturing the underlying research constructs. Therefore, the instruments used in this study are considered reliable and meet the standards of sound measurement.

**Table 4.** Determination Coefficient (R<sup>2</sup>) Test

Endogenous Constructs	Predictor	R <sup>2</sup>	Category	Interpretation
Financial Transparency (FT)	Digital Financial Reporting (DFR)	0.56	Moderate	DFR explains 56% variation in Financial Transparency.
Financial Accountability (FA)	Digital Financial Reporting (DFR), Financial Transparency (FT)	0.63	Moderate Strong	DFR and FT together account for 63% variation in Financial Accountability.

Based on Table 4, the results of the structural model analysis show that the variable financial transparency has a coefficient of determination (R<sup>2</sup>) of 0.56. This finding

indicates that digital financial reporting accounts for approximately 56 percent of the variation in financial transparency among publicly listed companies. In other words, the implementation of digital financial reporting plays a substantial role in enhancing the openness of corporate financial information.

Furthermore, the financial accountability variable recorded an  $R^2$  value of 0.63. This result suggests that the combined influence of DFR and FT simultaneously explains 63 percent of the variation in financial accountability. It implies that both the use of digital reporting systems and the improvement in transparency strengthen the mechanisms of corporate financial responsibility. The  $R^2$  values ranging from 0.56 to 0.63 demonstrate that the research model possesses moderate to strong predictive capability. This confirms that the relationships among variables in the model are adequate to explain the studied phenomenon, indicating that the model exhibits good predictive quality.

Table 5. Hypothesis Testing

Hypothesis	Relationships Between Variables	Coefficient Path ( $\beta$ )	T-statistic	p-value	Information
H1	Digital Financial Reporting → Financial Transparency	0.748	13.622	< 0.001	Accepted
H2	Digital Financial Reporting → Financial Accountability	0.427	6.945	< 0.001	Accepted
H3	Financial Transparency → Financial Accountability	0.512	8.031	< 0.001	Accepted

Based on Table 5, the results of the hypothesis testing indicate that digital financial reporting has a significant effect on financial transparency, with a  $\beta$  coefficient of 0.748, a t-statistic of 13.622, and a p-value of 0.001. This indicates that better implementation of digital financial reporting through system integration, real-time reporting, XBRL standardization, and enhanced data accessibility is associated with higher levels of corporate financial transparency. In other words, digital financial reporting is confirmed as a key determinant in strengthening the openness of financial information.

The analysis further reveals that digital financial reporting has a significant impact on financial accountability, with a coefficient  $\beta = 0.427$ , a t-statistic of 6.945, and a p-value below 0.001. These findings suggest that DFR directly improves managerial accountability and financial oversight processes, as digital reporting technologies facilitate more transparent tracking of financial activities and streamline audit procedures, thereby reinforcing financial responsibility. The testing results also demonstrate that financial transparency significantly influences accountability, with a coefficient  $\beta = 0.512$ , a t-statistic of 8.031, and a p-value below 0.001. This shows that transparency acts as an important driver of accountability, since firms with higher levels of disclosure tend to exhibit stronger internal control, improved data integrity, and greater compliance with capital market regulations.

## DISCUSSION

The findings indicate that Digital Financial Reporting (DFR) plays a central role in enhancing both financial transparency and financial accountability among Indonesian public companies, while also reinforcing the core assumptions of information asymmetry theory, agency theory, and the Technology Organization Environment (TOE) framework in a developing country context. The result that DFR has a significant effect on financial transparency confirms prior evidence from Blankespoor et al. (2020), who argue that XBRL adoption and digital-based reporting improve the speed, traceability, and completeness of disclosed information. A coefficient of  $\beta = 0.748$  in this study suggests that DFR is a primary determinant of transparency among Indonesian listed firms, indicating that organizations that implement integrated digital systems, real-time reporting, and XBRL standardization can substantially reduce reliance on manual processes that are vulnerable to error and manipulation, as also reflected in recent

empirical work on digital accounting in emerging markets. This reinforces the importance of robust digital infrastructure as a prerequisite for greater reporting transparency.

The positive effect of DFR on financial accountability ( $\beta = 0.427$ ) shows that digital reporting not only increases openness but also strengthens internal control and oversight mechanisms. This is consistent with the conclusions of Liu et al. (2023), who highlight that digital audit trails support more intensive monitoring of managerial activities and sharpen internal audit functions. Through digital reporting systems, every modification to financial data is automatically recorded and can be traced back to specific users, which enhances data integrity and reduces the opportunity for undisclosed alterations. These implications are particularly relevant in Indonesia, where XBRL-based reporting has been mandated by financial regulators to reinforce corporate governance standards.

Financial transparency is found to exert a strong influence on accountability ( $\beta = 0.512$ ), which supports that effective accountability can only be realized when information is disclosed openly and accurately (Alassuli et al., 2025). In this study, greater openness of financial data through digital channels is associated with stronger external pressure from investors and regulators, which in turn encourages management to justify financial policies and decisions more responsibly (Blankespoor et al., 2020). This adds to the literature by clarifying the functional linkage between digital transparency and accountability formation in developing economies, where increased public access to online financial reports has been shown to make external monitoring by analysts and regulators more effective.

Digital financial reporting in Indonesia has emerged as a strategic driver of better financial governance, particularly for publicly listed companies operating under increasing regulatory and market scrutiny. The empirical evidence indicates that the success of digital reporting initiatives is not determined solely by the availability of technology, but also by how far organizations are prepared in terms of structure, processes, and human resources (Anomah, 2025). This includes the development of employee digital literacy, the design of clear reporting responsibilities, and the institutionalization of a culture that values accountability rather than mere formal compliance (Reischauer et al., 2024).

Within this context, the study confirms that DFR plays a decisive role in improving both financial transparency and financial accountability in Indonesian capital markets. The findings are consistent with the core assumptions of information asymmetry theory, agency theory, and the technology organization environment framework, which together explain how digital systems can reduce information gaps, align managerial behavior with stakeholder interests, and interact with organizational and environmental factors. At the same time, the results extend existing theory by showing how digital reporting practices function in a developing country setting, where regulatory pressure, infrastructure disparities, and variations in organizational capability coexist. Consequently, digital transformation in financial reporting is best understood as an integrated governance agenda that requires technological innovation, institutional support, and continuous capacity building at the organizational level (Ulfha, 2025).

## **CONCLUSION**

The study concludes that the implementation of DFR enhances the quality of financial transparency and accountability by enabling faster, more accurate, and more easily verifiable information, which in turn reduces information asymmetry and strengthens monitoring mechanisms within corporate governance. Financial transparency is shown to play a central role in reinforcing accountability because open access to financial data allows stakeholders to assess the integrity and consistency of reports in a more objective manner. In this sense, digital financial reporting should be viewed not merely as a technical requirement but as a strategic instrument for improving corporate credibility in the context of ongoing digital transformation.

In line with these findings, companies are encouraged to continuously upgrade their digital reporting infrastructure, develop the technological competence of accounting and

finance personnel, and ensure robust information security to maintain the reliability of reported data. Regulators such as the Financial Services Authority and the Indonesia Stock Exchange are advised to extend standardization efforts and provide structured support for DFR implementation so that the quality of reporting becomes more comparable across firms and sectors. Internal and external auditors are also expected to design and apply digital audit approaches that are responsive to technological change, thereby increasing the efficiency and accuracy of assurance processes. A limitation of this study is that it focuses solely on publicly listed companies in Indonesia, which may limit the generalizability of the findings to firms in other countries or unlisted companies with different digital reporting practices. Additionally, the reliance on self-reported survey data may introduce respondent bias despite the measures taken to mitigate it. Future research may incorporate moderating variables such as organizational culture, technological readiness, or digital literacy to deepen understanding of the conditions under which DFR is most effective across different industries.

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